

## HOW THE PEOPLE MAY COME INTO THEIR OWN.

The Journal desires to call particular attention to the article on this page upon "Public Ownership Through Public Thrift." It points out a safe, simple and practical way by which the people, through their governmental agencies, State, local and national, may gain control of their public utilities, and acquire such a degree of collective wealth that any private accumulations will cease to be dangerous.

The plan proposed is that the Government shall systematically set aside every year a certain surplus revenue from taxation, to be applied to the purchase of productive properties, and that all the profits from the possessions so acquired shall be reinvested in similar properties. This would be equivalent to the investment of an annuity at compound interest, and no accountant needs to be told how such an annuity, even when it begins on the most modest scale, piles up in the course of a few years. At the rate of \$100,000,000 a year, which is much less than the average annual surplus during Arthur's Administration, it would mount into the thousands of millions inside of twenty years.

This is precisely the way in which the great private fortunes that are causing us all so much worry have been accumulated. The first Astor made a little money in fur trading and invested it in productive property in New York. He took the income from that property and bought more. His children and his children's children followed his example, and the result has been the accumulation of a fortune that amounts now to two or three hundred million dollars, and will amount to over **TEN THOUSAND MILLIONS** in another hundred years if nothing be done to check its growth.

The feature of this plan that will especially commend it to a sober, hard-headed people like the American is its **ABSOLUTE FREEDOM FROM RISK**. If we should buy out the \$11,000,000,000 worth of railroads in the country in a lump, issue bonds for the purchase price, and bind ourselves to pay \$300,000,000 or \$400,000,000 a year in interest, and then the system should fall into the hands of an Alger, under whom it would fail to meet those obligations, the Government would be in an uncomfortable position. Its credit would be overloaded. Under the scheme proposed we should buy only what we had cash in hand to pay for. It would be our absolute, unincumbered property, and if in any year it failed to return the profits it ought to yield we should merely call the management to account without suffering any inconvenience. **The Government would start out of debt, stay out of debt, and become richer and more independent every year.**

### THINGS PLATT COULD TELL ABOUT.

as a witness, said:

Platt does not boss New York City. Croker does. He acknowledges it. He did so on the stand yesterday. If any one can show that Platt dictates who shall be Mayor of the city or how any of the city departments shall be run, we will believe him. This is not an investigation of Democrats merely, but of the city departments of New York. I am satisfied with the investigation as far as it has gone.

Chairman Mazet's lack of information about Platt's influence in city affairs is astonishing. As the author of the Astoria gas steal bill, he ought to know that Platt and Platt's sons were actively pushing this measure, and that a contingent fee of \$500,000 was said to figure in the transaction.

The Amsterdam avenue grab was a matter that vitally concerned the citizens of New York. Platt was in favor of that discreditable job, and his henchmen in the Legislature sided, as they always do, with the corporations and against the people.

In the fight for the underground railroad Platt ranged himself with the obstructionists, and, as a coincidence, the law firm of which his son is a member became attorneys for the elevated road, the greatest obstacle to rapid transit.

The attempt to control the Police Department from Albany, through the State Constabulary bill, the single-headed police commission measure, and all the other devices to deprive the people of New York City of control of their own affairs are Platt schemes.

The Raines liquor law, an encouragement of drunkenness and immorality, was enacted by Platt.

The appointment of election supervisors to bulldoze voters and control elections in the interest of the Republican party is a typical Platt scheme.

Chairman Mazet, of the legislative investigating committee, when asked why Thomas C. Platt had not been summoned

The bond company in which Platt's sons are interested concerns the citizens of New York, and is a proper subject of legislative inquiry.

These few suggestions are for the enlightenment of Chairman Mazet as to Platt's relations with the government of this city and State. If he will call the Republican Boss to the stand he will uncover a mine of facts of which the above nuggets are only the surface outcroppings.

### ALGER WON'T QUIT.

Secretary Alger has returned from Cuba, delighted with his trip, secure in the affections of the President and not at all disturbed by the harsh cry of "beef" that assails his ears. He scouts the idea that he intends to resign. The thought never occurred to him. No intimation has ever reached him from the President that he should retire from the Cabinet.

This statement from Alger simplifies matters. It puts the responsibility for the mismanagement of the War Department on the President. He has full knowledge of the incapacity of his Secretary of War. The facts in the beef scandal are before him. Instead of condemning those who have brought discredit upon his Administration, the President tacitly approves of their conduct by his failure to remove them from office.

The court of inquiry might as well not have been formed. No report it may make will disturb the abiding faith of the President in his Secretary of War.

### QUAY AT BAY.

The "Red Book" may prove Quay's undoing. Judge Biddle has decided that witnesses may testify as to the entries made in it, which opens the way for the admission of the famous book itself as evidence.

## MAZET INVESTIGATION



LECTURER MAZET—Hi, there, stereopticon man, you've put in the wrong slide!

Quay's attorneys have fought desperately to keep the information this volume contains from the jury. They have claimed that it contained only private memoranda of Cashier Hopkins, and had no bearing on the official transactions of the bank. This ruling, like all the others made by

The idea of a Government not only out of debt but steadily accumulating valuable property seems novel and startling at first sight. We have been so accustomed to seeing sovereign nations appearing as mendicants in the money markets of the world that it does not occur to us that they could easily overshadow the richest of their subjects if they chose. Mediaeval kings scattered their wealth among their hungry favorites, and when they wanted more they borrowed from the goldsmiths. It was not in their nature to look ahead and make plans for future generations. It was enough if they could get somehow what they wanted for the moment.

Modern governments have followed their example, and none has been more prodigal of its resources and less concerned for the future than that of the United States. Naturally the shiftlessness of governments has been encouraged by the financiers that have profited by it. The rulers of the money market have always been ready to help along an issue of bonds for unproductive expenditures, but they have always discouraged public investments in dividend-paying enterprises. They have been willing to see governments take the risks of launching such enterprises by subsidizing corporations, but not to see them draw the profits.

But in spite of tradition, some governments are gradually acquiring property. Prussia, for instance, owns over \$2,000,000,000 worth of railways, which pay not only the full interest on their cost, but a clear profit of about \$60,000,000 a year in addition. Unfortunately these revenues are applied toward the general expenses of the government, instead of being reinvested in additional properties. Still the value of the imperial, State and municipal productive investments in Germany far exceeds the amount of the public debts. Practically all civilized countries except the United States own their telegraph systems, and most of them are at least partial owners of their railroad systems. And everywhere the governments are constantly undertaking new responsibilities.

The old American sentiment of opposition to the public assumption of any undertaking that can be managed by private enterprise is disappearing. The Trusts have thoroughly reconciled the people to the idea of doing collectively for the general good what combinations of capitalists are doing for their private profit. The only question now is one of ways and means. That question is completely answered in the plan proposed to-day.

There is nothing this "Boss" at bay fears more than to have the truth told about him. The "Red Book" contains the record of his conspiracy to defraud the State, and when its secrets are revealed his guilt will be established.

The press of Berlin welcomes the Journal's suggestion of possible methods of settling the Samoan trouble. They "cannot be emphasized too strongly," says the Boersen Kourier. "These propositions," it adds, "might well be presented to the Samoan Commission, because any one of them would prove an excellent substitute for the present Samoan treaty." The diplomatists have been vainly struggling with the Samoan complication for a dozen years. It is a pity that the Journal was not in existence to help Bismarck, Blaine and Salisbury settle it ten years ago.

### LIGHT ON THE PHILIPPINE PROBLEM.

Do you believe the Philippines are capable of self-government in the archipelago? Without exception the leading residents, the members of the different nationalities,

Among the questions put to the various citizens at Manila by the Philippine Commission is the following:

### Municipal Gas Lighting.

The New York Journal is advocating with peculiar force the subject of municipal gas lighting in the great metropolis. The mayors of many cities have written to the Journal in commendation of the giant project.

### Proof of It.

"So you think there really is something in heredity, after all?" "I do, Young Munsley, who is trying to get up a North Pole expedition, is the son of a woman who used to be an inveterate house hunter, not because she could have used a house if she had found one, but for the mere love of the thing."—Chicago News.

## PUBLIC OWNERSHIP THROUGH PUBLIC THRIFT.

By Samuel E. Moffett.

The Journal's policy of the acquisition of railroads, telegraphs and other public utilities by the community is approved in theory by many who do not see how it can be carried out in practice. They are appalled by such staggering facts as that the capitalization of American railroads is over eleven thousand million dollars—ten times the entire bonded debt of the United States. They do not see how the country could venture to assume such a crushing load of obligations.

I wish to propose a plan by which the desired end can be attained without any assumption of obligations whatever, without risk and without confiscation. By way of introduction let me call attention to a wonderful force—a force whose possibilities of financial achievement are absolutely unlimited—the power of compound interest. We are all familiar with that magical penny of the arithmetician which, deposited at compound interest at the beginning of the Christian era, would amount in our time to the value of millions of globes of solid gold, each the size of the earth. It is a fact, well known, although not often appreciated in its full significance, that if any man could live for four hundred years, and should systematically invest his accumulations at interest, he would own the world at the end of that time. Mr. H. G. Wells has made this principle the central idea of his new serial, "When the Sleeper Wakes."

No man can look forward to that length of life, but when, as in the case of the Rothschilds, a family pursues such a policy for several generations, we see the power of compound interest at work on a portentous scale. No private fortune has been accumulating in this way for much over a hundred years, but the wealth of the Rothschilds, the Astors, and other families with a definite policy of accretion, is now just reaching the stage at which the force of compound interest becomes really formidable. If the Rockefeller fortune should continue to increase at its present rate for a hundred years to come, it would amount at the end of that time to more than the whole existing wealth of the United States.

The masses of the people cannot hope to compete individually with the holders of these great fortunes. Almost their entire incomes are eaten up by necessary living expenses. They cannot make sufficient savings to give compound interest its start. Where they can lay by pennies, the rich can invest thousands of dollars. It is mathematically certain that if nothing is done to check or divert present tendencies, all the wealth of the nation, with insignificant exceptions, will be owned a hundred years hence by a few families.

But the masses have one agency which, if they choose to use it, will be found powerful enough to overcome all the advantages now possessed by the few. That agency is the Government. Thus far its mighty force has been employed to make the rich richer and the poor poorer, but the people can control it whenever they care to take the trouble.

The Government is immortal and irresistible. It possesses the taxing power, and it is not itself subject to taxation. These advantages, intelligently availed of, are ample to accomplish any degree of concentration of wealth in public hands that the people may think desirable.

Hitherto it has been the universal policy to keep governments in debt. Their interest accounts are almost always on the wrong side of the ledger. Hence they hardly ever have a chance to accumulate anything except by the dead weight of taxation, or by

mortgaging their future. They have deliberately gone out of their way, especially in this country, to keep themselves poor. They live from hand to mouth, and when an emergency, such as a war, has to be met, their only recourse is to borrow money to meet it and pay interest on the amount for a generation thereafter.

The simple plan by which the people may come into their own is this:

**LET THE GOVERNMENT SYSTEMATICALLY COLLECT A SURPLUS REVENUE FROM TAXATION AND INVEST IT IN PRODUCTIVE PROPERTY, REINVESTING THE INCOME FROM THIS PROPERTY AS FAST AS RECEIVED.**

In the eleven years from 1880 to 1890 inclusive, the surplus revenue of the United States over ordinary expenditures, aside from interest on the public debt, was never once as little as \$100,000,000, and in 1882 it reached \$216,621,018. Hence, as our population and national wealth increase, our pension expenditures decline, and our debt is paid off, we should find no trouble in laying aside \$100,000,000 a year for investment.

What would that amount to? The State railroads of Prussia pay the Government over 6 per cent net on the capital invested. The entire railroad system of the United States, profitable and unprofitable lines together, pays 4 per cent on its total nominal capitalization, including water. The street railroads of Massachusetts in 1897 paid 6.46 per cent on their whole capitalization. Telegraph, telephone and express profits are much higher. Let us suppose that the Government's investments pay it an average return of 4 per cent. We have then the case of an annuity of \$100,000,000 a year compounded at 4 per cent. That would reach

In five years.....	\$541,000,000	In fifty years.....	9,502,600,000
In ten years.....	1,200,000,000	In forty years.....	15,266,700,000
In twenty years.....	2,977,800,000	In one hundred years.....	108,495,856,930
In thirty years.....	5,608,500,000		

At this rate the Government could gain possession of the entire telegraph system of the United States the first year. The next year it could acquire the telephones. The third year it could pay for the Nicaragua Canal. Within ten years it could have control of the principal trunk lines of railroad traversing the Union from east to west and from north to south. In twenty years it could own the majority of the stock in all the railroads of the country. In a hundred years it would have nearly twice the total wealth of the nation in 1890.

All this would be accomplished without going into debt or taking any risks whatever. And if, at any time after this accumulation of property had reached substantial proportions, a foreign war or other emergency should arise, it would not be necessary either to borrow money or to increase taxes to meet it. With an income from invested funds of from \$1,000,000,000 to \$4,000,000,000 a year, all the Government would have to do would be to suspend new investments for a few months and apply its dividends to the demands of the occasion.

Similar opportunities are open to all other governments, State and local. The city of New York, for instance, with a revenue of \$100,000,000 a year, could easily lay aside \$10,000,000 by intelligent economies for investment in street railroad, gas and electric light

and power works, steam heating plants and other productive enterprises of the kind. The principal street railroads of Chicago pay returns of from 15½ to 17 per cent on the nominal capitalization, which is estimated to be equivalent to about 30 per cent on the actual investment. Assume an average return of only 4 per cent on the investments in New York, and the accumulations of an annuity of \$10,000,000 would be:

In five years.....	\$54,100,000	In forty years.....	950,260,070
In ten years.....	120,000,000	In fifty years.....	1,526,670,000
In twenty years.....	297,780,000	In one hundred years.....	10,849,585,689
In thirty years.....	560,850,000		

By a similar policy the State could acquire the Niagara power works, and could take advantage of every fall within its borders for the transmission of electricity. The smallest village, even if it could save only a few thousand dollars a year, could soon own its own electric light and water works. Counties could acquire the trolley systems connecting their various towns.

With the general adoption of this policy the public would own in a few years all the great corporate agencies that are now beginning to be considered proper fields for the extension of governmental functions. It would then be time to consider what further outlets for investment should be sought, and the most natural extension would naturally be in the direction of the trusts that control the necessities of life. A little longer would see the teeth of the Coal, Steel, Sugar and Standard Oil trusts drawn, and those monopolies administered for the general good.

The process of investment could vary according to circumstances. In many cases it could doubtless be carried out to advantage by simply buying stocks. When stocks embodying honest values, not water, and paying fair dividends, could be obtained on reasonable terms, their purchase would be a convenient method of gaining control of the property they represented. To prevent forcing up prices in the market, the Government could announce that it would take all of certain stocks offered to it at certain fixed rates. In other cases it would be best to condemn the properties, and in others to undertake new construction.

With this policy systematically followed out for fifty years we should have a country free from debt and freed forever from the fear of overshadowing accumulations of wealth in private hands—a country in which all the great channels in which wealth is concentrated would be controlled by the public for the public good. Its governments would be so endowed that at any time at which they thought the need for further accumulations had passed, they could abolish taxation and live on the income of their property. Their revenues would be so great as to permit expenditures for social betterment on a scale never yet approached. Their financial strength would be so imposing that no foreign power would think of venturing upon an attack. And all this would be accomplished, not by confiscation, not by fiat money, not by bond issues, not by experimenting with new theories, not by any financial legerdemain, but by the practice of a virtue whose power in private life is, and always has been recognized and applauded by every philosopher and moralist from the time of Solomon to the present day—the simple, homely virtue of **THRIFT**.

SAMUEL E. MOFFETT.